

# MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT 2016

# CONTENTS



Conducting business responsibly is the foundation of Ericsson's commitment to sustainability and corporate responsibility. Ericsson believes that operating business with integrity, transparency and responsibility is critical to maintain trust and credibility with customers, partners, suppliers, employees, shareholders and other stakeholders and it is the way we believe business should run.

In this statement we describe how the Ericsson Group is tackling the challenge of modern slavery and human trafficking throughout its operations and supply chain, in line with the UK Modern Slavery Act. It outlines Ericsson's policies and business practices and the plans for future improvements.

## CONTENTS

BUSINESS AND SUPPLY CHAIN	3
POSITION ON MODERN SLAVERY	3
DUE DILIGENCE	4
GRIEVANCE MECHANISM	4
MEASURING PERFORMANCE	4
TRAINING	4
NEXT STEPS	5

## Business and supply chain

Ericsson provides high performing solutions for mobile and fixed networks, IT and cloud, and media. The company provides infrastructure, services and software – especially in mobility, broadband and the cloud – to the telecom industry and other sectors. Ericsson has approximately 111,000 employees and serves customers in more than 180 countries. Ericsson’s headquarters are located in Stockholm, Sweden.

Ericsson’s highly diverse supply chain is made up of over 20,000 global, local and regional suppliers who provide a wide range of products, components and services, such as antennas, printed circuit boards, installation and consultancy services. Responsible sourcing is a top priority for Ericsson. As the supply chain is large and complex, Ericsson adopts a risk-based approach to identify high-risk suppliers and works with its suppliers towards continual improvement.

## Position on modern slavery

Taking a strong stance against modern slavery and human trafficking and working to ensure high labor rights standards are core aspects of conducting business responsibly at Ericsson.

Ericsson’s Code of Business Ethics sets the tone for how the company conducts business globally. It contains rules to ensure that business is conducted with integrity. Everyone working for Ericsson has an individual responsibility to ensure that business practices adhere to the Code of Business Ethics. Employees acknowledge the Code of Business Ethics at the time of employment and periodically throughout the term of employment.

The Code of Conduct, which applies to both employees and suppliers, is based on the UN Global Compact principles. It covers human rights, labor conditions, environmental management and anti-corruption. It applies to both employees and suppliers and forms a part of Ericsson’s supplier contracts. The Code of Conduct requirements are available in 16 languages on Ericsson’s website.

In the Code of Business Ethics and the Code of Conduct, Ericsson expresses a commitment to respect all internationally proclaimed human rights including the International Bill of Human Rights and the principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work. The International Bill of Human Rights consists of the Universal Declaration on Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. Ericsson is also committed to

implementing the United Nations Guiding Principles on Business and Human Rights throughout its business operations.

Ericsson has a long-standing policy against using forced, bonded or compulsory labor, which is reflected in the Code of Business Ethics and Code of Conduct. Employees should be free to leave their employment after reasonable notice as required by applicable law or contract and employees shall not be required to lodge deposits of money or identity papers with the company. Ericsson requires suppliers to live by the same rules. Ericsson respects the right to equal opportunity, freedom of association and collective bargaining.

Ericsson works to continuously improve its policies and processes and its approach to responsible business practices. In 2014, the company updated its Code of Conduct and Code of Business Ethics to strengthen the labor standards section and to make a commitment to the UN Guiding Principles on Business and Human Rights. Ericsson is an early adopter of the Reporting Framework of the UN Guiding Principles on Business and Human Rights and this work has improved the understanding of Ericsson’s salient human rights issues, which include labor rights. During 2016, a review of both the Code of Conduct and the Code of Business Ethics was initiated to assess the needs for updates and improvements in light of modern slavery and human trafficking.

Responsible business is embedded at the highest levels of Ericsson, starting with the Board of Directors of the parent company, the CEO and senior management, who receive regular briefings on emerging issues and progress made. A cross-functional Sustainability and Corporate Responsibility Steering Group provides guidance on strategic and operational issues. The Board of Directors of the parent company strives to uphold the company’s responsibility to respect human rights and to conduct business responsibly. The Board is briefed at least twice a year on sustainability and corporate responsibility matters and in 2016, briefings specifically addressed the UK Modern Slavery Act, Occupational Health and Safety and human rights.

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## CONDUCTING BUSINESS RESPONSIBLY

the foundation of Ericsson’s commitment to sustainability and corporate responsibility



## Due Diligence

The UN Guiding Principles on Business and Human Rights require companies to conduct human rights due diligence. Within Ericsson, human rights due diligence covers processes within sales and operations. Ericsson works with a systematic, risk-based approach to strengthen consideration for human rights, to identify potential human rights risks and impacts and to capture findings. Ericsson addresses adverse human rights impacts with which the company is involved. More information can be found in the annual Sustainability & Corporate Responsibility Report.

Before selecting suppliers, mandatory Supplier Self-Assessments are required in the form of a questionnaire covering the Code of Conduct and other relevant areas. During 2017, Ericsson plans to review the questionnaire with regard to modern slavery and human trafficking.

Ericsson uses a risk-based approach to identify relevant suppliers for Code of Conduct audits. Prioritized risk areas include working at heights, road and vehicle safety, anti-corruption, labor rights, environmental management, and communication of requirements further down the supply chain. Based on third-party expertise and internal experience, Ericsson works to identify activities, situations and markets where the perceived risk is higher for modern slavery and human trafficking, to focus its efforts there. The company will during 2017 continue this work. To gain a clear understanding of where the harm of modern slavery and human trafficking would be most severe and where the occurrence of modern slavery or human trafficking is most likely to occur, Ericsson held a workshop in 2016 with internal stakeholders together with Shift, a leading non-profit center of expertise on the UN Guiding Principles on Business and Human Rights.

Supplier Code of Conduct auditors follow up on actions to ensure continual improvement in the supply chain. Ericsson plans to strengthen the focus on modern slavery and human trafficking in supplier Code of Conduct audits by requesting its third-party auditing firm to integrate the specificities of modern slavery and human trafficking, and to train and inform their auditors accordingly.

## Grievance mechanism

Ericsson encourages people to speak up about any concerns regarding the company's responsible business practices. Through the Ericsson Compliance Line, a third party managed whistle-blower tool, employees and external parties can report suspected violations of laws or the Code of Business Ethics that are conducted by Group or local management. This includes issues related to personal health and safety. Ericsson Compliance Line is available 24/7, 365 days per year and enables persons to report via phone or a

secure website in 188 countries and in more than 75 languages. Violations reported through the Ericsson Compliance Line are reported to the Audit Committee of the parent company. Reports are treated as confidential and appropriate actions are taken on suspected violations.

## Measuring performance

The company tracks how it is adhering to its responsible business practices in several ways. Under the Global Assessment Program, an external assurance provider audits the implementation of relevant policies and directives (including the Code of Business Ethics and Code of Conduct), management of risks and achievement of objectives. Supplier Code of Conduct auditors follow up on high risk suppliers' adherence to the Code of Conduct requirements.



## Training

It is essential for employees to understand why respect for human rights is so important to being a responsible business. Training and awareness-raising are therefore central to embedding this approach. All employees are offered a human rights and business e-learning course which was launched in 2015. The training describes human rights issues, opportunities and challenges for Ericsson, human rights and international requirements, and key concepts used in the business and human rights framework. The aim is to help employees evaluate human rights trends and relevant risks, and to help them understand how Ericsson works within this area.

Ericsson seeks opportunities to raise awareness among employees and suppliers on all aspects of responsible business, including human rights; for instance, in seminars with groups of suppliers. The internal workshop held during 2016, together with Shift was an important step to raise awareness on modern slavery and human trafficking within the organization.

Ericsson plans to update its Code of Conduct training in 2017 to include issues around modern slavery and human trafficking.

## Next steps

The company will continue to address the risks and develop its work to prevent modern slavery and human trafficking across the supply chain and to explore ways to better measure the effectiveness of its approach, and determine how well risks are managed. We will report on Ericsson's progress in next year's statement.

Ericsson publishes additional information about its commitment to responsible sourcing and engagement with its suppliers and other stakeholders in its Sustainability and Corporate Responsibility Report, which includes an annual summary of the company's performance in the areas of responsible business; energy, environment and climate change; and communication for all. The report can be found at [www.ericsson.com/sustainability](http://www.ericsson.com/sustainability).

This statement covers the financial year 2016 and has been approved by the Board of Directors.

March 1, 2017



Börje Ekholm  
President and CEO and Member of the  
Board of Directors of Telefonaktiebolaget LM Ericsson

## Forward looking statements

Certain matters discussed in this document include forward-looking statements subject to risks and uncertainties. Readers of this document are cautioned that our forward-looking statements are not guarantees of our future actions or developments, which may differ materially from those described or implied. We expressly disclaim a duty to provide updates to these forward-looking statements after the date of this publication to reflect events or changes in circumstances or changes in expectations or the occurrence of anticipated events. The information included on any websites that appear in this document is not incorporated by reference in this statement.

Ericsson is a world leader in communications technology and services with headquarters in Stockholm, Sweden. Our organization consists of more than 111,000 experts who provide customers in 180 countries with innovative solutions and services. Together we are building a more connected future where anyone and any industry is empowered to reach their full potential. Net sales in 2016 were SEK 222.6 billion (USD 24.5 billion). The Ericsson stock is listed on Nasdaq Stockholm and on NASDAQ in New York. Read more on [www.ericsson.com](http://www.ericsson.com).